

# Market Insights & Strategy

Global Markets

9<sup>th</sup> September 2024



## MIDDLE EAST & AFRICAN MONITOR

- **Oil Prices Stabilize As Regional Jitters Reappear.**
- **Libya's Oil Output Remains Sporadic.**
- **Fears Grow Over Potential Major War Between Israel & Hezbollah.**
- **US Accuses Iran Of Supplying Russia With Ballistic Missiles.**
- **Suez Canal Traffic Remains Severely Limited.**
- **KSA's Non-Oil Sector Grew By 4.90% In Q2 2024.**
- **Sunrise Plans Major Investment In Morocco.**
- **Oman Reports Another Rise In Visitor Numbers.**
- **Carrefour Prepares To Re-enter The Indian Market.**
- **Smit Lamnalco Wins Marine Contract In Bahrain.**

### REGIONAL COMMENTARY

#### **Oil Prices Stabilize As Regional Jitters Reappear.**

Brent ended last Friday's session a further 1.60% down following the somewhat weaker than expected US jobs data, making it a more than 10% price drop overall during the past week and a half, while WTI fell to its lowest point since June 2023. All this of course driven primarily by ongoing fears over the demand outlook especially in regards to China, and it didn't help that new refining activity data published by Refinitiv, showed that refining margins across Asia have fallen to their lowest level for this time of year since 2020. The drop in crude prices was also exacerbated by CTA activity yet again. Meanwhile the EIA (which was somewhat more bullish on demand in its monthly report for August) is due to release its latest report this week so traders will be looking closely at that to see what the hard data in the US is showing in terms of oil and fuel consumption. This morning Brent has stabilized somewhat, opening around the US\$72 handle which is 1.25% up on Friday's close, with some of this related to short covering, a hurricane warning along the US Gulf Coast and fresh geopolitical jitters in the Middle East. Another issue worth noting is data recently released by 'Vortexa', which showed that the overall amount of crude held in floating storage around the world fell by 2.10% to its lowest level reported since February this year.

#### **Libya's Oil Output Remains Sporadic.**

Hopes last week that the recent fresh political upheaval in Libya was close to being resolved, may have been a little premature. Various media [reports](#) over the weekend suggest that Libya's oil production and exports were still sporadic with no official agreement between the two rival Libyan governments announced as yet. And even if a deal is reached, last week's disruption highlights the ongoing fragile political and security situation there which in turn could lead to another halt in oil production in a country which is a key supplier of light grade crude to Europe.

**Glenn Wepener**

Chief Strategist

Please click [here](#) to view our recent publications on MENA and Global Markets

### **Fears Grow Over Potential Major War Between Israel & Hezbollah.**

The Director of the CIA William Burns, who is one of the mediators trying to get a Gaza ceasefire in place, was quoted as saying on Saturday that a detailed proposal will be put to Israel and Hamas in the next few days, adding that 90% of a draft deal has already been agreed to, but the remaining 10% was going to be difficult to persuade both sides to come onboard with. In an [opinion piece](#) published in the 'Financial Times' newspaper this weekend, Burns along with his British counterpart at MI6 Richard Moore, also said that a ceasefire in the Israel-Hamas war *"could end the suffering and appalling loss of life of Palestinian civilians and bring home the hostages after 11 months of hellish confinement."* Meanwhile, one of Israel's largest demonstrations took place in Tel Aviv on Saturday with reportedly more than 500,000 people taking to the streets and calling on the government to finalize a hostage deal. However, despite increased domestic and international political pressure, Netanyahu appears determined to stick to his demand that any ceasefire agreement must allow the IDF to remain in the Philadelphi corridor. Technically the Prime Minister can only be forced out of office by a majority vote of no confidence in the Knesset which is on an extended break until the end of October. In addition, the majority of mass street protests this past year have been [driven](#) by secular Israelis and Netanyahu is currently more reliant on the small right-wing parties to retain power. Meanwhile, as daily exchanges of fire between the IDF and Hezbollah along Israel's northern border with Lebanon continue, a former member of Israel's Security cabinet, Benny Gantz, [warned](#) yesterday that *"The time for action in the North has come. If we do not reach a deal for the hostages within days or a few weeks, we will have to go to war in the North. We must ensure that residents can return to their homes. We can achieve this goal, even if it means damaging Lebanon itself. Unfortunately, I don't see another way."*

### **US Accuses Iran Of Supplying Russia With Ballistic Missiles.**

The 'CNN' news channel has [quoted](#) two unnamed US intelligence sources, confirming an earlier [claim](#) by the 'Wall Street Journal' that Iran had recently delivered a large number of short-range ballistic missiles to Russia via the Caspian Sea. In response, Sean Savett the spokesperson for the US National Security Council, said *"any transfer of Iranian ballistic missiles to Russia would represent a dramatic escalation in Iran's support for Russia's war of aggression against Ukraine and lead to the killing of more Ukrainian civilians. This partnership threatens European security and illustrates how Iran's destabilizing influence reaches beyond the Middle East and around the world,"* adding that *"We have been warning of the deepening security partnership between Russia and Iran since the outset of Russia's full-scale invasion of Ukraine and are alarmed by these reports. We and our partners have made clear both at the G7 and at the NATO summits this summer that together we are prepared to deliver significant consequences."* What these consequences will be remains to be seen, although it seems most likely that it will involve further economic sanctions rather than any sort of military action against Tehran. The weapons systems involved are [believed](#) to be 'Fath-360' short-range surface-to-surface ballistic missiles, which have a range of up to 120km.

### **Suez Canal Traffic Remains Severely Limited.**

Fresh data published by the 'Portwatch' website, suggests that the number of merchant vessels passing through the Suez Canal during the last week of August averaged 23 ships per day compared to 70 per day over the same period last year. Meanwhile, hard currency revenues generated for Egypt by its Suez Canal transit fees fell to US\$7.20 bio during the 2023/24 fiscal year compared to US\$9.40 bio in FY2022/23, [according](#) to the head of the Canal Authority. The longer the Houthis continue to attack ships transiting the Red Sea the greater the amount of Suez Canal revenues will be lost as operators send more of their shipments via the longer Cape of Good Hope route, this was highlighted in May when the total amount of fees generated by the canal fell by more than 64% to US\$337.80 mio compared to US\$648 mio recorded in May 2023.

### **KSA's Non-Oil Sector Grew By 4.90% In Q2 2024.**

Saudi Arabia's non-oil section of the economy grew by 4.90% y/y in the second-quarter of this year, driven in part by a particularly strong performance in the financial and insurance sectors, according to data released by the Kingdom's General Authority for Statistics. However, the country's overall GDP [reportedly](#) declined by 0.30% over the same period due primarily to an 8.90% decline in oil-related activities.

### Sunrise Plans Major Investment In Morocco.

The China based textile manufacturer, Sunrise Group, is reportedly planning to invest more than US\$400 mio in Morocco over the next 3 years, linked to new projects in several regions of the North African country, which in turn should create more than 11,000 jobs, according to the ‘Yabiladi’ news site.

### Oman Reports Another Rise In Visitor Numbers.

Oman welcomed 2.30 mio visitors during the first seven months of this year, a 2.40% rise compared to the same period last year as the Sultanate continues to attract greater tourist numbers. According to ‘Zawya’ Oman received more than 3 mio foreign tourists for the full year 2023 a more than 41% increase over 2022. BMI the FITCH Solutions Company, [expects](#) these tourist numbers to grow by 7.40% annually between 2023 and 2027.

### Carrefour Prepares To Re-enter The Indian Market.

The retail multinational Carrefour, has launched a franchise partnership with the Dubai-based Apparel Group aimed at establishing its presence in India, [according](#) to ‘Reuters’. *“Our goal is clear: to offer the best products at very attractive prices to all Indian customers and make Carrefour their favourite brand to shop,”* the chairman of Apparel Group, Nilesh Ved was quoted as saying.

### Smit Lamnalco Wins Marine Contract In Bahrain.

Netherlands based Smit Lamnalco, has been awarded a 20-year contract to provide a range of marine services to the National Oil and Gas Authority of Bahrain’s LNG terminal. These services will reportedly include the escort, berthing and un-berthing of LNG carriers, according to the ‘Seatrade Maritime’ website.

### FX/RATES & CRUDE MARKETS:

**Indication Levels Only – Please Contact us on Reuters Dealing Codes FABA/FABU for any live pricing and/or information.**

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/30	-3/Par	-6/-3	-8/-5	-16/-11	-24/-17	-32/-25	-50/-20
USD/SAR	3.7530/35	8/11	15/18	20/23	35/45	54/64	80/90	150/200
USD/KWD	0.30535/555	-130/-100	-225/-185	-270/-220	-400/-350	-570/-420	-550/-500	-850/-550
USD/OMR	0.38498/503	-3/+2	-2/+3	-1/+6	7/17	15/35	35/55	100/250
USD/BHD	0.37690/697	13/18	27/37	40/55	80/100	130/150	170/200	220/570
USD/MAD	9.7300/9.7500	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.3897	48.80/49.20	49.40/49.80	50.00/50.50	51.80/52.30	53.80/54.30	55.80/56.30	-
USD/JOD	0.7078/7083	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1619.95	1625.00/1675.00	1650.00/1700.00	1675.00/1735.00	1745.00/1805.00	1810.00/1910.00	1880.00/1980.00	(NAFEX)
USD/GHS NDF	15.6700	15.55/15.85	15.60/15.90	15.75/16.25	16.10/16.60	16.40/17.40	16.80/17.80	-
USD/TND	3.0450/3.0550	On request	On request	On request	On request	On request	On request	On request
<b>Crude Oil</b>	<b>Futures</b>							
WTI	\$68.75							
Brent	\$72.15							

\*\* (GCC FX indications above are offshore levels only)

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR Spread	Par/+10	+8/18	+16/26	+24/34	+30/40	+33/43	+35/45	+50/60
SAR SOFR Spread	+96/106	+100/110	+102/112	+103/113	+105/115	+107/117	+110/120	+119/129

**Note: We can quote options in the AED, SAR & KWD.**

### AND FINALLY...

*Did you know that the Sumerian civilization which dates back to 4000 BC, is one of the oldest civilizations in the world and was located in Iraq?*

**Glenn Wepener**  
**Chief Strategist**

**Market Insights & Strategy**

**FAB Global Markets**

Email: [Marketinsights&strategy@bankfab.com](mailto:Marketinsights&strategy@bankfab.com)

Please click [here](#) to view our recent publications on MENA and Global Markets

**Disclaimer:** This communication has been prepared by individual personnel of First Abu Dhabi Bank PJSC or its affiliates (collectively, “FAB”) and, accordingly, it may not represent the views of FAB. FAB is licensed and regulated by the Central Bank of the United Arab Emirates and its registered office address is P.O. Box 6316, 1 – Al Qurm, Abu Dhabi, the United Arab Emirates. This communication is directed at persons (i) who have been or can be classified by FAB as eligible counterparties, professional clients or sophisticated investors, (ii) who have experience in matters relating to investments and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should review the contents or access the products or transactions discussed in this communication. All material contained herein, including any proposed terms and conditions, is indicative and for discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your consideration only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all applicable risks. This communication is not a commitment to deal in any product, offer financing or enter into any transaction described herein. FAB is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and must not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and FAB makes no recommendation as to the suitability of any of the products or transactions mentioned. Even if FAB possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this is not sufficient for, and does not constitute, any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, FAB hereby informs you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on FAB and any decision whether or not to adopt any strategy or engage in any transaction will not be FAB’s responsibility. FAB does not provide investment, accounting, tax, financial, legal, regulatory or other advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organization should determine, without reliance on FAB, (i) the economic risks or merits, as well as the investment, accounting, tax, financial, legal and regulatory characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed, it has not been verified by FAB and its accuracy cannot be guaranteed. FAB makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to FAB constitute FAB’s judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration. Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains “forward-looking” information, such information may include, but is not limited to, projections, forecasts or estimates of cashflows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment or product. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. FAB shall not be under an obligation to update any information contained in this communication. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events. Past performance is not indicative of future performance. FAB accepts no responsibility and makes no representation to you or to any third parties

for, and has not independently verified, the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication and FAB shall not be liable for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to FAB that may not be excluded or restricted. The transactions and any products described herein may be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisers. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities. FAB (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. FAB may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. FAB may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. FAB may also have potential conflicts of interest due to the present or future relationships between FAB and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity. Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation. FAB may process your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns.

***If you wish not to receive email from the Market Insights team at FAB, please [click here](#) to send us your request to unsubscribe, and you shall no longer receive such information.*** You can also let us know by contacting your usual FAB representative should you wish to no longer receive any such further information. You may be entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise any such aforesaid rights by sending your request to FAB at the following address: [privacy@bankfab.com](mailto:privacy@bankfab.com).